

AMENDMENT NUMBER 1
TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE SECRETARY OF STATE FOR DEFENCE
OF
THE UNITED KINGDOM OF GREAT BRITAIN
AND
NORTHERN IRELAND
AND
THE SECRETARY OF DEFENSE
OF
THE UNITED STATES OF AMERICA
FOR A COOPERATIVE PROGRAM OF RESEARCH AND DEVELOPMENT
CONCERNING ANTISHIP MISSILE COUNTERMEASURES

(Short Title: ASMCM Project)

Certified to be a true copy of the original.

F.D. Kenlon 10/23/98
Frank Kenlon, Navy IPO-03B (date)

TABLE OF CONTENTS

INTRODUCTION.....	1
AMENDMENT.....	2
ENTRY INTO EFFECT.....	14

INTRODUCTION

1. The purpose of Amendment Number 1 to the ASMCM Project Memorandum of Understanding (MOU) is to:

- a. Extend the term of the MOU an additional 10 years; and,
- b. Allow for greater flexibility to conduct limited-scale joint efforts.

2. Accordingly, the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland and the Secretary of Defense of the United States of America have reached the following understandings:

AMENDMENT

The ASMCM Project MOU is hereby amended as follows:

1. INTRODUCTION

- a. In the seventh paragraph, replace "electronic warfare techniques" with "Electronic Warfare Techniques".

2. SECTION I, DEFINITIONS

- a. Change the following definitions:

Cost Ceiling:	Insert the word "Total" before "Cost Ceiling". In the body of the definition, after the word "which" and before "cost of the Project", delete the word "the" and replace with "a total".
---------------	--

Project:	Delete "several variants of"; and after "development of", replace the words "countermeasures and waveforms" with "Electronic Warfare Techniques".
----------	---

- b. Add the following new definitions:

"Annual Cost Ceiling	The maximum amount to which an annual cost of the Project may move without the prior written approval of the Participants."
----------------------	---

"Electronic Warfare Techniques	Exploitation of the electromagnetic spectrum for signals interception and/or countermeasures to hostile systems. These techniques include electronic attack and electronic support."
-----------------------------------	--

"Financial Contributions	Funds transferred by one Participant to the other to implement the scope of work of this MOU."
-----------------------------	--

"FPPD	Financial Policies and Procedures Document"
-------	---

"Joint Acquisition	A jointly funded effort designed to provide a new, improved, or continuing weapons system in response to a validated operational need."
"Non-Financial Contributions	Contributions, including material, manpower, use of equipment, and facilities, provided by the Participants to implement the scope of work of this MOU, which do not involve the transfer of funds between the Participants."

3. SECTION II, OBJECTIVES

- a. Paragraph 1., after "are the analysis", delete the words "of several variants"; and after "development of", replace the words "countermeasures and waveforms" with "Electronic Warfare Techniques".

4. SECTION III, SCOPE OF WORK

- a. Paragraph 1.a., insert the word "performance" immediately after the words, "conduct missile hardware," and replace the words "and develop test plans" with "studies and vulnerability analyses;"
- b. Paragraph 1.b., replace the word "and" with a comma; insert the words "and evaluate" after "develop"; and replace the words "electronic countermeasures" with "Electronic Warfare Techniques and tactics".
- c. Paragraph 1.c., after the word "validate" replace the word "countermeasures" with "Electronic Warfare Techniques and tactics"; and delete the word "and," at the end.
- d. Paragraph 1.d., after the word "conduct", replace the words "captive carry trials" with "chamber tests"; delete "in the loop"; and add "and" at the end.

- e. Add new subparagraph 1.e. as follows:
 - “e. develop and fabricate equipment required to perform the efforts described in subparagraphs 1.a. through 1.d. above.”
- f. Paragraph 2., after the words “limited to:”, replace the word “Information” with “Electronic Warfare Techniques”; and replace the word “countermeasure” with “countermeasures and”.
- g. Paragraph 3.a., replace the existing subparagraph with:
 - “a. Joint Acquisition of electronic warfare systems; or,”
- h. Paragraph 3.b., at the beginning of the subparagraph, insert “planning and conducting”; and replace the word “tests” with “acceptance trials”.

5. SECTION IV, MANAGEMENT

- a. Paragraph 3.b., replace the existing subparagraph with the following:
 - “b. Approving the Project Plan and updates thereto, and reviewing progress in meeting system requirements and technical progress described therein.”
- b. Paragraph 3.c., replace the existing subparagraph with the following:
 - “c. Approving the Project’s FPPD and updates thereto, and reviewing the financial status of the Project to ensure compliance with the provisions of Section V (FINANCIAL ARRANGEMENTS).”
- c. Paragraph 3.e., after the word “Section”, replace “XV” with “XVI”.
- d. Paragraph 3.f., replace the existing subparagraph with the following:
 - “f. Approving reallocations of the Financial and Non-Financial Contributions described in the FPPD consistent with Section V (FINANCIAL ARRANGEMENTS) and the Project Plan.”
- e. Paragraph 3.h., after the word “Section”, replace “XI” with “XII”.

- f. Paragraph 3.i., add new subparagraph as follows:
 - "i. Approving plans to manage and control the transfer of Project Equipment provided by either Participant to support the execution of the Project in accordance with Section VII (PROJECT EQUIPMENT)."
- g. Paragraph 3.i., renumber as "j."
- h. Paragraph 6., after the words "The PMs are", delete the words "completely and wholly"; after the words "responsible for management of those tasks listed", delete the words "as national responsibilities"; and after the words "in Section III (SCOPE OF WORK) of this MOU", insert, "as specified in the approved Project Plan".
- i. Paragraph 7.c., after the words "Developing and submitting", delete the words "any required changes to"; and after "the Project Plan", revise the remainder of the sentence to read, "and the FPPD to the SC for approval, and at least annually, reviewing the Plan and the FPPD, and proposing updates to the SC for approval."
- j. Paragraph 7.d., delete "and Annex A (Financial Matters)".
- k. Paragraph 7.f., delete "and its Annex".
- l. Paragraph 7.h., insert the following new paragraph 7.h.:
 - "h. Developing and implementing SC-approved plans to manage and control the transfer of Project Equipment provided by either Participant in accordance with Section VII (PROJECT EQUIPMENT)."
- m. Reletter old paragraph 7.h. as new paragraph 7.i.

6. SECTION V, FINANCIAL ARRANGEMENTS

- a. Paragraph 1, after the words "including overhead", replace the word "and" with "costs,"; and after the words "administrative costs," insert the words "and, in accordance with Section XIII (LIABILITY), costs of claims,".
- b. Add new paragraph 2 as follows:

"2. In accordance with Section IV (MANAGEMENT), the SC and the PMs will be responsible for establishing arrangements on the detailed financial management procedures under which the Project will operate. These procedures will be contained in the FPPD and must accord with the national accounting and audit requirements of the Participants."
- c. Renumber old paragraph 2 as new paragraph 3.
- d. In the old paragraph 2 (now new paragraph 3), insert, at the beginning of the first sentence, the words "For the period from 12 November 1993 until the entry into effect of Amendment Number 1 of this MOU,"; and replace "Each" with "each". In the second sentence, after the word "responsibilities", insert the words "for this period"; and before the words "Cost Ceiling of", insert the word "Total". At the end of the paragraph, delete "The planned allocation of the Participants' financial resources is shown in Annex A (Financial Matters)."
- e. Insert the following new paragraphs 4. and 5.:

"4. For the period following the entry into effect of Amendment Number 1 of this MOU, the Participants estimate that the performance of their non-financial responsibilities under this MOU will not cost more than an Annual Cost Ceiling and a Total Cost Ceiling for each Participant as follows:

DOD: Annual Cost Ceiling - \$4.0M in U.S. fiscal year 1998 U.S. Dollars (subject to the Total Cost Ceiling)

Total Cost Ceiling - \$20.0M in U.S. fiscal year 1998 U.S. Dollars

MOD: Annual Cost Ceiling - £2.5M in U.K. fiscal year 1998 U.K. Pounds (subject to

the Total Cost Ceiling)

Total Cost Ceiling - £12.5M in U.K. fiscal year 1998 U.K. Pounds

The Project rate of exchange for Non-Financial Contributions will be 1.00 U.K. Pound equals 1.6 U.S. Dollars. The Project rate of exchange will be used solely as a reference to evaluate and monitor the Participants' Non-Financial Contributions to the Project. Market exchange rate fluctuations between the currencies will not impose any obligation on either Participant to reduce or increase the contributions specified above. The planned allocation of the Participants' Non-Financial Contributions will be described in the Project's FPPD and updates thereto.

5. For the period following the entry into effect of Amendment Number 1 of this MOU, the Participants estimate that the performance of their financial responsibilities under this MOU will not cost more than an Annual Cost Ceiling and a Total Cost Ceiling for each Participant as follows:

DOD: Annual Cost Ceiling - \$1.0M in U.S. fiscal year 1998 U.S. Dollars (subject to the Total Cost Ceiling)

Total Cost Ceiling - \$5.0M in U.S. fiscal year 1998 U.S. Dollars

MOD: Annual Cost Ceiling - £0.625M in U.K. fiscal year 1998 U.K. Pounds (subject to the Total Cost Ceiling)

Total Cost Ceiling - £3.125M in U.K. fiscal year 1998 U.K. Pounds

Each Participant will make funds available in such amounts and at such times in accordance with an estimated schedule for Financial Contributions, as described in the FPPD. The planned allocation and the required currency of the Participants' Financial Contributions will be described in the Project's FPPD and updates thereto."

- f. Renumber old paragraphs 3, 4, 5, and 6 as new paragraphs 6, 7, 8, and 9.
- g. Old paragraph 3 (now new paragraph 6), after the words "(SCOPE OF WORK)", insert the words "and the approved Project Plan,"; after the words "fulfill all their", insert the word

“Project”; and after the words “under this MOU within the”, revise the remainder of the sentence to read “Annual Cost Ceilings and Total Cost Ceilings specified above.”

h. Add new paragraphs 10 and 11 as follows:

“10. The Participants recognize that in performing Contracting responsibilities on behalf of the Participants under Section VI (CONTRACTUAL ARRANGEMENTS), it may become necessary for a Participant to incur contractual or other obligations for the benefit of the other Participant prior to the receipt of the other Participant’s funds. In such event, the other Participant will make funds available in such amounts and at such times as required by a Contract or other obligation and will make them available in advance of the time such payments are due.

11. Each Participant will be responsible for the audit of the activities for which it is responsible pursuant to the approved Project Plan and the FPPD in accordance with its own national practices. For Project efforts where funds are transferred from one Participant to the other Participant, the receiving Participant will be responsible for the internal audit regarding administration of the other Participant’s funds in accordance with national practices. Audit reports of such funds will be promptly made available by the receiving Participant to the other Participant.”

7. SECTION VI, CONTRACTUAL ARRANGEMENTS

a. Paragraph 1., after “(SCOPE OF WORK) of this MOU”, insert the words “and the approved Project Plan”. Delete the “2” in front of old paragraph 2, and make that paragraph the last sentence of paragraph 1.

b. Add new Paragraph 2 as follows:

“2. The PMs may also use their Contracting Agencies to contract for both Participants in the event that such Contracting is required to implement the Project. The Contracting Agency so used will place Contracts in accordance with its respective national laws, regulations, and procedures. If necessary to meet the requirements of the MOU, the responsible Participant’s Contracting Officer will seek deviations from national regulations and procedures wherever

possible. Each Participant's Contracting Officer will be the exclusive source for providing contractual direction and instructions to Contractors for Contracts awarded by that Participant."

- c. Paragraph 3, change "Section VII" in both instances to "Section VIII", and change "Section VIII", "Section X", and "Section XI" to "Section IX", "Section XI", and "Section XII", respectively.
- d. Paragraph 4, change "Section VII" to "Section VIII".
- e. Add new paragraphs 5 and 6 as follows:
 - "5. The responsible PM will immediately advise the other PM and the SC of any anticipated or actual cost growth, schedule changes, delay, or performance problems of any Contractor in connection with a Contract placed by its Contracting Agency on behalf of both Participants.
 - 6. Normal Contract administration services support will be provided in accordance with the Memorandum of Understanding Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland Relating to the Principles Governing Cooperation in Research and Development, Production, Procurement, and Logistics Support of Defence Equipment, dated 13 December 1994 or any successor thereto."

- 8. Insert a new Section VII as follows:

**"SECTION VII
PROJECT EQUIPMENT**

- 1. Each Participant may provide Project Equipment identified as being necessary for executing the MOU to the other Participant. Project Equipment will remain the property of the providing Participant. A list of all Project Equipment provided by one Participant to the other Participant will be developed and maintained by the PMs, approved by the SC, and incorporated into the Project Plan in accordance with Section IV (MANAGEMENT) prior to such transfers.

2. The receiving Participant will maintain any such Project Equipment in good order, repair, and operable condition and return the items in as good condition as received, normal wear and tear excepted, unless the furnishing Participant authorizes testing to partial or complete destruction. The receiving Participant will pay the cost of damage (other than normal wear and tear) to or loss of Project Equipment, unless the furnishing Participant authorizes testing to partial or complete destruction.

3. All Project Equipment that is transferred will be used by the receiving Participant only for the purposes of carrying out this MOU. In addition, in accordance with Section XII (THIRD PARTY SALES AND TRANSFERS) Project Equipment will not be re-transferred to a Third Party without the prior written consent of the providing Participant.

4. Project Equipment transferred to the other Participant under this MOU will be returned to the providing Participant prior to the termination or expiration of this MOU, unless the furnishing Participant authorizes testing to partial or complete destruction.

5. Any Project Equipment which is jointly acquired on behalf of both Participants for use under this MOU will be disposed of during the Project or when the Project ceases, as determined by the SC.

6. Disposal of jointly acquired Project Equipment may include a transfer of the interest of one Participant in such Project Equipment to the other Participant, or the sale of such equipment to a Third Party in accordance with Section XII (THIRD PARTY SALES AND TRANSFERS) of this MOU."

9. SECTION VII, DISCLOSURE AND USE OF PROJECT INFORMATION

a. Title, change "SECTION VII" to "SECTION VIII".

b. Paragraph 2.b., change "Section XI" to "Section XII".

- c. Paragraph 4.b., change "Section XI" to "Section XII".

10. SECTION VIII, CONTROLLED UNCLASSIFIED INFORMATION

- a. Title, change "SECTION VIII" to "SECTION IX".
- b. Paragraph 1.a., change "Section VII" to "Section VIII".
- c. Paragraph 1.b., change "Section XI" to "Section XII".

11. SECTION IX, VISITS TO ESTABLISHMENTS

- a. Title, change "SECTION IX" to "SECTION X".

12. SECTION X, SECURITY

- a. Title, change "SECTION X" to "SECTION XI".
- b. Paragraph 3.a., delete "set forth" and change "Section XI" to "Section XII".
- c. Paragraph 9, replace "and its Annex are" with "is".

13. SECTION XI, THIRD PARTY SALES AND TRANSFERS

- a. Title, change "SECTION XI" to "SECTION XII".
- b. Paragraph 1, after "Foreground Project Information", insert the words "or jointly acquired Project Equipment".
- c. Paragraph 1.a., after the words "retransfer of Information", insert the words "or equipment".
- d. Paragraph 1.b., after the words "the Information", insert the words "or equipment".

14. SECTION XII, LIABILITY

- a. Title, change "SECTION XII" to "SECTION XIII".

15. SECTION XIII, CUSTOMS DUTIES, TAXES AND SIMILAR CHARGES

- a. Title, change "SECTION XIII" to "SECTION XIV".

16. SECTION XIV, SETTLEMENT OF DISPUTES

- a. Title, change "SECTION XIV" to "SECTION XV".

17. SECTION XV, ENTRY INTO EFFECT, AMENDMENT, TERMINATION AND DURATION

- a. Title, change "SECTION XV" to "SECTION XVI".
- b. Insert new paragraph 2 as follows:

"2. No requirement will be imposed by either Participant for work sharing or other industrial or commercial compensation in connection with this MOU that is not in accordance with this MOU."
- c. Renumber old paragraphs 2 through 7 as new paragraphs 3 through 8.
- d. Replace old paragraph 5.b (now new paragraph 6.b) with the following:

"b. Except as to Contracts awarded on behalf of both Participants, each Participant will be responsible for its own Project -related costs associated with termination of the Project. For Contracts awarded on behalf of both Participants, the terminating Participant will pay all Contract modification or termination costs that would not otherwise have been incurred but for the decision to terminate; in no event, however, will a terminating Participant's total Financial

Contribution, including Contract termination costs, exceed that Participant's Total Cost Ceiling for Financial Contributions as established in Section V (FINANCIAL ARRANGEMENTS)."

- e. Old paragraph 6 (now new paragraph 7) is revised to read as follows:

"The respective rights and responsibilities of the Participants regarding Section VII (PROJECT EQUIPMENT), Section VIII (DISCLOSURE AND USE OF PROJECT INFORMATION), Section IX (CONTROLLED UNCLASSIFIED INFORMATION), Section XI (SECURITY), Section XII (THIRD PARTY SALES AND TRANSFERS), Section XIII (LIABILITY), and Section XV (SETTLEMENT OF DISPUTES) will continue notwithstanding termination of or expiration of this MOU.

- f. Old paragraph 7 (now new paragraph 8), replace "fifteen (15)" with "sixteen (16)"; after "Sections", delete "and one (1) Annex"; and after the words "in effect for", replace "five" with "fifteen".

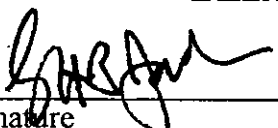
ANNEX A, FINANCIAL MATTERS

- a. Delete entire Annex.

ENTRY INTO EFFECT

This Amendment, signed in two original texts, both texts being equally authentic, will enter into effect upon signature of both Participants and will remain in effect for the same period as the MOU which it amends. Unless specifically amended herein, all other provisions of the ASMCM Project MOU remain unchanged.

FOR THE SECRETARY OF STATE FOR
DEFENCE OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN
IRELAND:


Signature

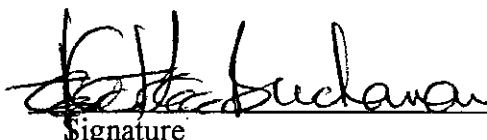
S.H.B. JORDAN
Name

DUS(SPT)
Title

London
Location

19/10/98
Date

FOR THE SECRETARY OF DEFENSE
OF THE UNITED STATES OF
AMERICA:


Signature

H. Lee Buchanan
Name

ASN (RD&A)
Title

PENTAGON
Location

5 October 1998
Date